

**RECREATION DISTRICT NO. 2**  
**OF LIVINGSTON PARISH**  
**REPORT ON AUDIT OF**  
**COMPONENT UNIT FINANCIAL STATEMENTS**  
**DECEMBER 31, 2010**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date

8/31/11

## CONTENTS

Independent Auditor's Report.....	Page 1 - 2
Required Supplemental Information:	
Management's Discussion and Analysis.....	3 - 8
Government-Wide Financial Statements:	
Statement of Net Assets.....	9
Statement of Activities.....	10
Fund Financial Statements:	
Balance Sheet - General Fund.....	11
Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Assets.....	12
Statement of Revenues, Expenditures, and Changes in Fund Balance - General Fund.....	13
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of the Governmental Fund to the Statement of Activities.....	14
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget (GAAP Basis) and Actual - General Fund.....	15
Notes to the Financial Statements.....	16 - 26
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Component Unit Financial Statements Performed in Accordance with <u>Government Auditing Standards</u> .....	27 - 28
Schedule of Findings and Responses.....	29
Schedule of Prior Year Findings.....	30

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May 6, 2011

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners  
Recreational District No. 2 of  
Livingston Parish  
Livingston Parish Council  
Watson, Louisiana

We have audited the accompanying financial statements of the governmental activities, the major fund (General Fund), and the budgetary comparison statement of the General Fund of the Recreation District No. 2 of Livingston Parish, State of Louisiana, "the District" (a component unit of the Livingston Parish Council), as of and for the year ended December 31, 2010 which collectively comprise the basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit. The prior year summarized comparative information has been derived from the Recreation District No. 2 of Livingston Parish's December 31, 2009 financial statements and, in our report dated June 2, 2010, we expressed unqualified opinions on the respective financial statements of the governmental activities, the major fund (General Fund), and the budgetary comparison statement of the General Fund.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund (General Fund) of the Recreation District No. 2 of Livingston Parish, State of Louisiana as of December 31, 2010, and the respective budgetary comparison of the General Fund and the changes in financial position for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Recreation District No. 2 of  
Livingston Parish, State of Louisiana

In accordance with Government Auditing Standards, we have also issued a report dated May 6, 2011, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of our audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 8 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Respectfully submitted,

*Hannis J. Bourgeois, CPA*

Recreation District No. 2 of Livingston Parish  
Watson, LA  
Management's Discussion and Analysis  
December 31, 2010

This section of the Recreation District No. 2 of Livingston Parish's (the District) annual financial report represents our discussion and analysis of the District's financial activities for the year ended December 31, 2010. This document focuses on the current year's activities, resulting changes, and currently known facts. Please read this document in conjunction with the detailed financial statements.

**FINANCIAL HIGHLIGHTS**

- \* Net Assets on December 31, 2010 and 2009 were \$2,483,252 and \$2,728,390 respectively.
- \* The Net Assets of the Governmental Activities showed a decrease of \$245,138 or an 8.98% decrease in 2010, and an increase of \$180,169 or a 7.07% increase in 2009.
- \* The total general fund balance at December 31, 2010 was \$1,418,441. This reflects a decrease in 2010 to the general fund of \$373,869 or 20.8%. In 2009, the general fund balance increased \$132,344 or 8.0%.
- \* At the end of 2010, Unreserved General Fund Balance of \$1,418,441 represents 122.8% of total General Fund Expenditures.
- \* The District had a 2.1% increase in ad valorem revenue in 2010, while experiencing a 1.0% decrease in 2009. The ad valorem tax revenue totaled \$702,494 in 2010 and \$687,823 in 2009, representing 90.00% and 95.59% of the total revenues in each of the respective years.

**OVERVIEW OF FINANCIAL STATEMENTS**

This discussion and analysis are intended to serve as an introduction to the basic financial statements of the District. The District's basic financial statements are comprised of three components: 1) the government-wide financial statements, 2) the fund financial statements, and 3) the notes to the financial statements.

**Government-wide financial statements** are designed by GASB Statement 34 to change the way in which governmental financial statements are presented. It now provides readers for the first time a concise “entity-wide” Statement of Net Assets and Statement of Activities, seeking to give the user of the financial statements a broad overview of the District’s financial position and results of operations in a manner similar to a private-sector business.

The *Statement of Net Assets* presents information on all of the District’s assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *Statement of Activities* presents information showing how the District’s net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and accrued but unpaid interest).

The government-wide financial statements can be found on pages 9 - 10 of this report.

**Fund financial statements.** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with financial-related legal requirements. All of the funds of the District are governmental type funds.

*Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government’s near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government’s near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The District adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 11-15 of this report.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 16 - 26 of this report.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

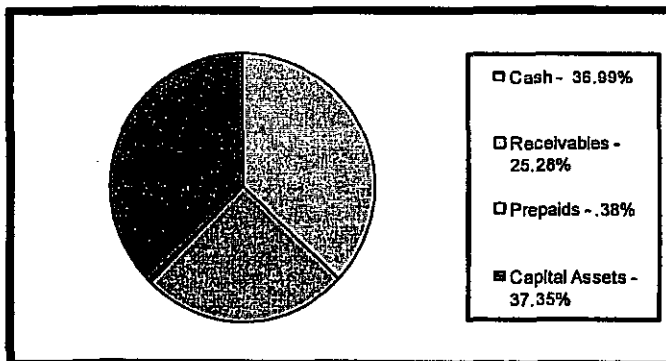
### STATEMENT OF NET ASSETS

The following is a schedule of the District's net assets at December 31, 2010 and 2009. Net assets are calculated by taking the difference between the total assets and total liabilities. The District's assets exceeded its liabilities at the close of 2010, by a total of \$2,483,252.

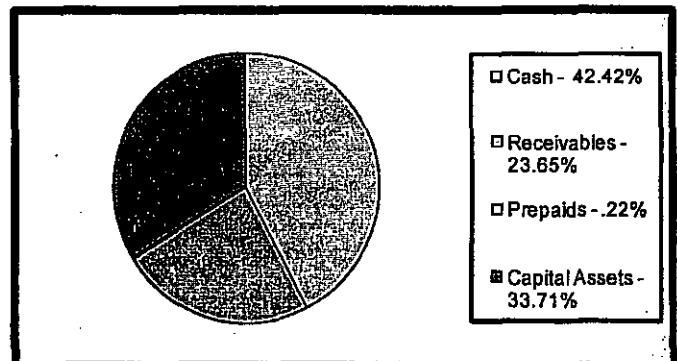
	<u>2010</u>	<u>2009</u>	<u>Increases (Decreases)</u>
Cash and Cash Equivalents and Investments	\$ 1,043,812	\$ 1,170,296	\$ (126,484)
Receivable, Net of Allowances	713,615	652,317	61,298
Prepaid Expenses	10,771	6,144	4,627
Capital Assets, Net of Depreciation	<u>1,054,040</u>	<u>929,936</u>	<u>124,104</u>
Total Assets	2,822,238	2,758,693	63,545
Current Liabilities	45,090	30,303	14,787
Due to Primary Government	<u>293,896</u>	<u>-</u>	<u>293,896</u>
Total Liabilities	338,986	30,303	308,683
Net Assets:			
Invested in Capital Assets, Net of Related Debt	1,054,040	929,936	124,104
Unrestricted	<u>1,429,212</u>	<u>1,798,454</u>	<u>(369,342)</u>
Total Net Assets	<u>\$ 2,483,252</u>	<u>\$ 2,728,390</u>	<u>\$ (245,138)</u>

The largest portion of the District's net assets are reflected on the following charts:

**2010**



**2009**



## STATEMENT OF ACTIVITIES

The District provides recreational facilities, activities and programs for the area citizens. Included in this are both revenue and non-revenue producing activities. Most of the funding for the District's operation and maintenance is provided by property taxes and public based program fees.

Property taxes are the largest source of revenue for the District. The District collects 15 mills for the operation and maintenance of the park system. This money is put into the general fund and is used to pay for the operation and maintenance of the park system. The operation and maintenance mills must be renewed every ten years. In March 2004, the voters in the District renewed the current millage for an additional 10 years, to the year 2014.

Other sources of revenue for the District include ball field rental fees, concessions, grants, and interest on investments. The following chart shows the major source of revenues and expenses.

<b>Condensed Statement of Activities</b>			
	<u>2010</u>	<u>2009</u>	<u>Increases (Decreases)</u>
Revenues:			
Program Revenues	\$ 57,969	\$ 20,128	\$ 37,841
General Revenues	<u>722,624</u>	<u>699,407</u>	<u>23,217</u>
	780,593	719,535	61,058
Expenses:			
Parks and Recreation	976,999	497,862	479,137
Depreciation	<u>48,732</u>	<u>41,504</u>	<u>7,228</u>
	<u>1,025,731</u>	<u>539,366</u>	<u>486,365</u>
Change in Net Assets	<u>\$ (245,138)</u>	<u>\$180,169</u>	<u>\$(425,307)</u>

### REVENUES

- Property tax revenue increased \$14,671 or 2.1% from the previous year.
- In 2010, the District received interest income totaling \$15,951 on cash reserves.
- In 2010, the District received \$4,179 of grant revenue.



## **EXPENSES**

Total expenses increased by \$486,365 or 90.17%. This increase was because of the following:

- Governmental transfers due to construction of a new baseball complex and track –soccer complex increased due to accrued share of construction costs to be borne by the District totaling \$430,490. This amount includes \$49,355 in design fees and remainder of construction by the contractor.
- Salaries and related expenses decreased by \$5,501.
- Other operating expense categories only increased by \$2,984.
- Program expenses increased by \$58,392 due to overseeing baseball, basketball, and football.

## **BUDGETARY HIGHLIGHTS**

- The final amended budget for revenues reflects an increase of \$22,500. Ad valorem tax revenues were increased by \$3,000. Interest income was increased by \$2,100 and program revenue was increased by \$19,900. Ballfield rental was decreased by \$4,400 due to projected decline in rentals.
- In 2010, the District exceeded its revenue final budget by \$13,093.
- The final amended budget for expenditures in 2010 reflects an increase of \$239,200. The majority of the budget increase was caused by the increase in capital outlay and realization of intergovernmental transfer (construction costs on project for new facilities) for 2010.
- Total expenditures were greater than final amended budget expenses by \$305,062 primarily due to accrued construction costs (\$293,895) to be paid by the District in 2011 and 2010 capital outlay purchases (\$15,442) made in late December 2010 for backstop improvements deviating from the amended budget forecasts. Construction in progress amounts to be paid by the District is the primary contributor to exceeding the amended budget adopted in early December, 2010.

## **CAPITAL ASSETS**

**Capital assets.** The District's investment in capital assets as of December 31, 2010 and 2009, amounts to \$1,054,040 and \$929,936, respectively (net of accumulated depreciation). The increase in the District's investment in capital assets for 2010 was \$124,104 and is composed of \$172,836 of additions and depreciation expense of \$48,732.

Major capital asset events during 2010 included the following:

- Purchase of maintenance building additions for \$39,045
- Purchase of park lighting adjustments for \$15,415
- Purchase of backstop improvements for \$15,442
- Purchase of scoreboard installation for \$14,160
- Purchase of various lawn and other equipment for \$48,775
- Payment of engineering fees of \$40,000 on the football field/track project

### **FUTURE EXPENSES**

The District is committed to previous years' goals of accomplishing proper maintenance to the existing park facilities for the new population demand being experienced. The extreme growth in the number of homeowners in the District and the additional population wishing to use the park facilities will require additional support facilities and future upgrades for parking, etc. Construction on a master plan expansion of field complexes is nearing completion in 2011. The new complex is comprised of new baseball complexes, road access, parking, bathrooms, concession facilities, and a track-soccer-football complex. A Cooperative Endeavor agreement between the District and the Parish Council directs the District to transfer amounts to the Livingston Parish Council which in turn will be used to retire the debt. The District also is overseeing the basketball, football, and baseball recreation programs in 2010-2011 and beyond. This is a new endeavor to run the programs and provide facilities to the public to achieve recreational goals.

### **REQUESTS FOR INFORMATION**

The financial report is designed to provide our citizens and creditors with a general overview of the District's finances and reveal the Recreation District's accountability for the money received through its operations. If there are any questions about this report or need of additional financial information, contact Administrative Secretary, Randall Smith, P.O. Box 54, Watson, LA 70786.

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

**RECREATION DISTRICT NO. 2 OF  
LIVINGSTON PARISH**

**STATEMENT OF NET ASSETS**

DECEMBER 31, 2010

(WITH COMPARATIVE TOTALS AS OF DECEMBER 31, 2009)

	<b><u>ASSETS</u></b>	
	<b>Governmental Activities</b>	
	<b>2010</b>	<b>2009</b>
Cash and Cash Equivalents	\$ 1,043,812	\$ 1,170,296
Property Tax Receivables	700,287	648,681
Accounts Receivable - Other	5,945	767
Due from Primary Government	7,383	2,869
Prepaid Insurance	10,771	6,144
Capital Assets (Net of Accumulated Depreciation)	1,054,040	929,936
Total Assets	<b>\$ 2,822,238</b>	<b>\$ 2,758,693</b>
	<b><u>LIABILITIES</u></b>	
Accounts Payable	\$ 45,090	\$ 30,303
Due to Primary Government	293,896	-
Total Liabilities	338,986	30,303
	<b><u>NET ASSETS</u></b>	
Investment in Capital Assets, Net of Related Debt	1,054,040	929,936
Unrestricted	1,429,212	1,798,454
Total Net Assets	2,483,252	2,728,390
Total Liabilities and Net Assets	<b>\$ 2,822,238</b>	<b>\$ 2,758,693</b>

The accompanying notes constitute an integral part of this statement.

**RECREATION DISTRICT NO. 2 OF  
LIVINGSTON PARISH**

**STATEMENT OF ACTIVITIES**

FOR THE YEAR ENDED DECEMBER 31, 2010

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2009)

<b><u>Governmental Activities:</u></b>	<b><u>2010</u></b>	<b><u>2009</u></b>
<b>Expenses:</b>		
Parks and Recreation	\$ 976,999	\$ 497,862
Depreciation	48,732	41,504
Total Expenses	1,025,731	539,366
<b>Program Revenues:</b>		
Charges for Services	57,969	20,128
Net Program Expense	967,762	519,238
<b>General Revenues:</b>		
Taxes - Property	702,494	687,823
Grant Revenue	4,179	-
Interest Income	15,951	11,584
Total General Revenues	722,624	699,407
Change in Net Assets	(245,138)	180,169
<b>Net Assets - Beginning of Year</b>	2,728,390	2,548,221
<b>Net Assets - End of Year</b>	<b>\$ 2,483,252</b>	<b>\$ 2,728,390</b>

The accompanying notes constitute an integral part of this statement.

## FUND FINANCIAL STATEMENTS

**RECREATION DISTRICT NO. 2 OF  
LIVINGSTON PARISH**

**BALANCE SHEET - GENERAL FUND**

DECEMBER 31, 2010

(WITH COMPARATIVE TOTALS AS OF DECEMBER 31, 2009)

	<u>2010</u>	<u>2009</u>
<b><u>ASSETS</u></b>		
Cash and Cash Equivalents	\$ 1,043,812	\$ 1,170,296
Property Tax Receivables	700,287	648,681
Accounts Receivable-Other	5,945	767
Due From Primary Government	<u>7,383</u>	<u>2,869</u>
Total Assets	<u><u>\$ 1,757,427</u></u>	<u><u>\$ 1,822,613</u></u>
 <b><u>LIABILITIES AND FUND EQUITY</u></b>		
<b>Liabilities:</b>		
Accounts Payable	\$ 45,090	\$ 30,303
Due to Primary Government	<u>293,896</u>	<u>-</u>
Total Liabilities	338,986	30,303
 <b>Fund Equity:</b>		
Fund Balance:		
Unreserved - Undesignated	<u>1,418,441</u>	<u>1,792,310</u>
Total Fund Equity	<u>1,418,441</u>	<u>1,792,310</u>
Total Liabilities and Fund Equity	<u><u>\$ 1,757,427</u></u>	<u><u>\$ 1,822,613</u></u>

The accompanying notes constitute an integral part of this statement.

**RECREATION DISTRICT NO. 2  
OF LIVINGSTON PARISH**

**RECONCILIATION OF THE GOVERNMENTAL FUND  
BALANCE SHEET TO THE STATEMENT OF NET ASSETS**

DECEMBER 31, 2010

(WITH COMPARATIVE TOTALS AS OF DECEMBER 31, 2009)

	<u>2010</u>	<u>2009</u>
<b>Fund Balances - Total Governmental Fund</b>	\$ 1,418,441	\$ 1,792,310
Amounts Reported for Governmental Activities in the Statement of Net Assets are Different Because:		
Capital Assets Used in Governmental Activities are not Resources and Therefore are not Reported in the Funds		
Governmental Capital Assets	1,522,025	1,349,189
Less: Accumulated Depreciation	<u>(467,985)</u>	<u>(419,253)</u>
	1,054,040	929,936
Prepaid Insurance	<u>10,771</u>	<u>6,144</u>
<b>Net Assets of Governmental Activities</b>	<u><u>\$ 2,483,252</u></u>	<u><u>\$ 2,728,390</u></u>

The accompanying notes constitute an integral part of this statement.



**RECREATION DISTRICT NO. 2 OF  
LIVINGSTON PARISH**

**STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - GENERAL FUND**

**FOR THE YEAR ENDED DECEMBER 31, 2010**

**(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2009)**

	<u>2010</u>	<u>2009</u>
<b>Revenues:</b>		
Ad Valorem Tax, Net	\$ 702,494	\$ 687,823
Ballfield Rental	3,875	6,777
Grant Revenue	4,179	-
Program Revenue	47,725	10,522
Interest	15,951	11,584
Concessions	6,369	2,829
	<hr/>	<hr/>
Total Revenues	780,593	719,535
<b>Expenditures:</b>		
Parks and Recreations:		
Payroll and Payroll Taxes	62,020	67,521
Commissioner Per Diem	6,100	6,550
Bad Debt	-	1,786
Bank Charges	1,500	1,500
Insurance	15,711	9,914
Legal and Accounting	17,276	17,077
Assessor's Pension Fund	28,600	27,873
Program Expenses	62,930	4,538
Rent	3,000	1,000
Repairs and Maintenance	39,748	53,731
Supplies and Small Equipment	3,969	960
Travel	490	503
Intergovernmental Transfer	722,533	292,043
Utilities	17,749	12,404
	<hr/>	<hr/>
	981,626	497,400
Capital Outlay	172,836	89,791
	<hr/>	<hr/>
Total Expenditures	1,154,462	587,191
	<hr/>	<hr/>
Excess (Deficiency) of Revenues over Expenditures	(373,869)	132,344
<b>Fund Balance at Beginning of Year</b>	1,792,310	1,659,966
	<hr/>	<hr/>
<b>Fund Balance at End of Year</b>	<u>\$ 1,418,441</u>	<u>\$ 1,792,310</u>

The accompanying notes constitute an integral part of this statement.

**RECREATION DISTRICT NO. 2  
OF LIVINGSTON PARISH**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE OF THE GOVERNMENTAL FUND  
TO THE STATEMENT OF ACTIVITIES**

**FOR THE YEAR ENDED DECEMBER 31, 2010**

**(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2009)**

	<u>2010</u>	<u>2009</u>
<b>Net Change in Fund Balance - Total Governmental Fund</b>	<b>\$ (373,869)</b>	<b>\$ 132,344</b>
<p>Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeds capital outlays in the period:</p>		
Capital Outlays	172,836	89,791
Depreciation Expense	(48,732)	(41,504)
 Change in Prepaid Insurance	 <u>4,627</u>	 <u>(462)</u>
<b>Change in Net Assets of Governmental Activities</b>	<b><u>\$ (245,138)</u></b>	<b><u>\$ 180,169</u></b>

The accompanying notes constitute an integral part of this statement.

**RECREATION DISTRICT NO. 2  
OF LIVINGSTON PARISH**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET (GAAP BASIS) AND ACTUAL - GENERAL FUND**

FOR THE YEAR ENDED DECEMBER 31, 2010

	Original Budget	Final Budget	Actual	Variance With Final Budget Favorable (Unfavorable)
<b>Revenues:</b>				
Ad Valorem Tax, Net	\$ 701,000	\$ 704,000	\$ 702,494	\$ (1,506)
Ballfield Rental	7,000	2,600	3,875	1,275
Grant Revenue	-	-	4,179	4,179
Program Revenue	25,000	44,900	47,725	2,825
Interest	8,000	10,100	15,951	5,851
Concessions	4,000	5,900	6,369	469
Total Revenues	745,000	767,500	780,593	13,093
<b>Expenditures:</b>				
Parks and Recreation:				
Payroll and Payroll Taxes	133,500	73,000	62,020	10,980
Commissioner Per Diem	9,400	7,000	6,100	900
Bank Charges	-	-	1,500	(1,500)
Insurance	17,000	17,000	15,711	1,289
Legal and Accounting	21,000	18,000	17,276	724
Assessor's Pension Fund	28,000	28,000	28,600	(600)
Program Expenses	25,000	59,100	62,930	(3,830)
Rent	-	3,000	3,000	-
Repairs and Maintenance	40,000	46,000	39,748	6,252
Supplies and Small Equipment	1,100	1,500	3,969	(2,469)
Travel	600	600	490	110
Intergovernmental Transfer	267,600	432,700	722,533	(289,833)
Utilities	17,000	15,500	17,749	(2,249)
	560,200	701,400	981,626	(280,226)
Capital Outlay	50,000	148,000	172,836	(24,836)
Total Expenditures	610,200	849,400	1,154,462	(305,062)
Excess (Deficiency) of Revenues over Expenditures	134,800	(81,900)	(373,869)	(291,969)
<b>Fund Balance at Beginning of Year</b>	1,792,310	1,792,310	1,792,310	-
<b>Fund Balance at End of Year</b>	\$1,927,110	\$1,710,410	\$1,418,441	\$ (291,969)

The accompanying notes constitute an integral part of this statement.

**RECREATION DISTRICT NO. 2 OF  
LIVINGSTON PARISH**

**NOTES TO THE FINANCIAL STATEMENTS**

DECEMBER 31, 2010

**(1) Summary of Significant Accounting Policies -**

The Recreation District No. 2 "the District" is a body corporate created by the Livingston Parish Council as provided by Louisiana Revised Statutes. The District is governed by a board of five commissioners who are appointed by the Livingston Parish Council.

The financial statements of the District have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting. On June 30, 2010, the GASB issued a codification of the existing Governmental Accounting and Financial Reporting Standards which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units. The more significant of these accounting policies are described below and, where appropriate, subsequent pronouncements will be referenced.

**A. Financial Reporting Entity**

This report includes all funds which are controlled by or dependent on the District's Board of Commissioners. Control by or dependence on the board was determined on the basis of taxing authority, authority to issue debt, election or appointment of governing body, and other general oversight responsibility.

In conformance with Governmental Accounting Standards Board, Statement 14, the District is a component unit of the Livingston Parish Council, the governing body of the parish. The accompanying financial statements present information only on the funds maintained by the Recreation District and do not present information on the Council and the general government services provided by that governmental unit.

**B. Basis of Presentation**

**Basic Financial Statements - Government-Wide Statements**

The Recreation District's basic financial statements include both government-wide (reporting the District as a whole) and fund financial statements (reporting the District's major fund). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. There were no activities of the District categorized as a business-type activity.

**RECREATION DISTRICT NO. 2 OF  
LIVINGSTON PARISH**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

DECEMBER 31, 2010

In the government-wide Statement of Net Assets, the governmental activity column (a) is presented on a consolidated basis by column, (b) and is reported on a full accrual, economic resource basis.

The government-wide Statement of Activities reports both the gross and net cost of the District's functions. The Statement of Activities reduces gross expenses by related program revenues, operating and capital grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants while capital grants reflects capital-specific grants.

The net costs (by function) are normally covered by general revenue (taxes, interest and investment earnings, etc).

The District does not allocate indirect costs.

This government-wide focus is more on the sustainability of the District as an entity and the change in the District's net assets resulting from the current year's activities.

**Basic Financial Statements - Fund Financial Statements**

The financial transactions of the District are reported in an individual fund in the fund financial statements. This fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures. This fund is reported by generic classification within the financial statements.

The District uses the following fund type:

**Governmental Funds:**

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental fund of the District:

1) The General Fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund. At December 31, 2010, it is the only fund of the District.

**RECREATION DISTRICT NO. 2 OF  
LIVINGSTON PARISH**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

DECEMBER 31, 2010

**C. Basis of Accounting and Measurement Focus**

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

**1. Accrual -**

The governmental activities in the government-wide financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

Revenues of the District consist principally of property taxes, charges for services and interest income. Interest income is recorded when earned. Property taxes are recorded as revenues when levied even though a portion of the taxes may be collected in subsequent years.

**2. Modified Accrual -**

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means that the amount of the transaction can be determined and "available" means that the amount of the transaction is collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. A one-year availability period is used for revenue recognition for all governmental fund type revenues. Expenditures are recorded when the related fund liability is incurred. Depreciation is not recognized in the Governmental Fund Financial Statements.

**D. Capital Assets**

Capital assets are reported in the government-wide financial statements at historical cost. Additions, improvements or other capital outlays that significantly extend the useful life of an asset are capitalized. Costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on a straight line basis over the following estimated useful lives:

Buildings	20 to 40 years
Parking Area	20 years
Fencing, Lighting, Bleachers and Equipment	5 to 30 years

**RECREATION DISTRICT NO. 2 OF  
LIVINGSTON PARISH**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2010

**E. Budgetary Practices**

The District utilizes the following budgetary practices:

The Administrative Secretary prepares the annual budget which is based on what is expected to be collected and/or levied during the fiscal year and is approved by the Board. The adopted budget constitutes the authority of the Recreation District No. 2 to incur liabilities and authorize expenditures from the respective budgeted funds. Additionally, certain expenditures are approved monthly by the Board before payment.

All budget amounts presented in the financial statements have been adjusted for legally authorized revisions of the annual budget during the year.

**F. Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**G. Net Assets**

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any debt proceeds, if any, used for the acquisition, construction, or improvements of those assets.

**(2) Property Taxes -**

On March 9, 2004, an election was held whereby the voters of Recreation District No. 2 of Livingston Parish approved the renewal of the 10 year 15.00 mill ad valorem tax assessed on all property subject to taxation within the District for the purpose of "maintaining, and operating the District's recreational facilities and for acquiring, constructing or renovating additional facilities". This assessment began in the year 2005 and will end with the year 2014.

**RECREATION DISTRICT NO. 2 OF  
LIVINGSTON PARISH**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2010

Property taxes attach as an enforceable lien on property as of January 1, of each year. Taxes are levied in September or October and are actually billed to the taxpayers in November. Billed taxes become delinquent on January 1 of the following year.

The District's taxes are collected by the Livingston Parish Tax Collector and are remitted to the District monthly.

Total taxes assessed and taxes receivable at December 31, 2010 are as follows:

Revenues:

Assessed Valuation	\$ 48,479,270
x Assessed Millage	<u>x 15.00 M</u>
Ad Valorem Taxes Assessed	727,189
Less: Estimated Uncollectible	<u>(25,452)</u>
Net Current Year Ad Valorem Tax	701,737
 Additional Prior Year Taxes Collected in 2010	 <u>757</u>
Ad Valorem Tax Revenues	<u>\$ 702,494</u>

Receivable:

Net Current Year Ad Valorem Taxes	\$ 701,737
Less: Amounts Collected Before December 31	<u>(1,450)</u>
Property Tax Receivable, Net of Allowance	<u>\$ 700,287</u>



**RECREATION DISTRICT NO. 2 OF  
LIVINGSTON PARISH**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2010

**(3) Changes in Capital Assets -**

Capital asset activity for the year ended December 31, 2010 is as follows:

<u>Governmental Activities</u>	<u>Balance December 31, 2009</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance December 31, 2010</u>
Building	\$ 170,981	\$ 24,941	\$ -	\$ 195,922
Parking Area	136,798	14,104	-	150,902
Fencing, Lighting, Bleachers, and Equipment	489,467	93,791	-	583,258
Land	551,943	-	-	551,943
Construction in Progress	-	40,000	-	40,000
Totals	1,349,189	172,836	-	1,522,025
Less Accumulated Depreciation for:				
Building	51,906	5,387	-	57,293
Parking Areas	102,598	6,958	-	109,556
Fencing, Lighting, Bleachers, and Equipment	264,749	36,387	-	301,136
Total Accumulated Depreciation	419,253	48,732	-	467,985
Capital Assets, Net	\$ 929,936	\$124,104	\$ -	\$1,054,040

Depreciation expense for the year ended December 31, 2010 is \$48,732 as reported in the Statement of Activities.

**(4) Changes in Long-Term Debt -**

The District has no long term debt outstanding at December 31, 2010. See Note 10 concerning outstanding bonds issued in the name of the Livingston Parish Council and the proceeds used to expand and improve facilities of the District.

**(5) Leases -**

The District has no outstanding capital or operating leases at December 31, 2010.

**RECREATION DISTRICT NO. 2 OF  
LIVINGSTON PARISH**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2010

**(6) Cash and Cash Equivalents -**

For reporting purposes, cash and cash equivalents include cash, demand deposits, and time certificates of deposit. Under state law the District may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, any other state in the union, or under the laws of the United States. Further, the District may invest in time deposits or certificates of deposit of state banks organized under Louisiana law and national banks having principal offices in Louisiana.

As confirmed by the fiscal agents, the District had cash and cash equivalents totaling \$1,051,273 with a carrying amount of \$1,043,812 at December 31, 2010. Cash and cash equivalents are stated at cost, which approximates market. These deposits must be secured under state law by federal deposit insurance or the pledge of securities owned by the bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the bank. The following is a summary of cash and cash equivalents at December 31, 2010:

Deposits in Bank Accounts per Balance Sheet	\$ 1,043,812
Bank Balances (Category 3 Only):	
a. Uninsured and Uncollateralized	\$ -
b. Uninsured and Collateralized with Securities Held by the Pledging Institution	-
c. Uninsured and Collateralized with Securities Held by the Pledging Institution's Trust Department or Agent, but not in the Entities Name	<u>801,273</u>
Total Category 3 Bank Balances	\$ 801,273
Total Bank Balances (Regardless of Category)	<u>\$ 1,051,273</u>

**RECREATION DISTRICT NO. 2 OF  
LIVINGSTON PARISH**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2010

**Custodial Credit Risk - Deposits.** In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. As of December 31, 2010, \$801,273 of the District's bank balance of \$1,051,273 was exposed to custodial credit risk because it was uninsured by FDIC and collateralized with securities held by the pledging institution's trust department or agent, but not in the entity's name.

**(7) Litigation -**

At December 31, 2010, there is no litigation pending against the District.

**(8) Compensated Absences, Pension Plan, and Other Postemployment Benefits -**

At December 31, 2010, the District has no plan or provision for compensated absences, pension plan or other post employment benefits.

**(9) Per Diem Paid Board Members -**

Each member of the Board of Commissioners is eligible to receive a per diem allowance for attending each regular or special meeting of the board. In 2010, the per diem allowance was \$100 per meeting. All Board Members serve five year terms. Per diems paid to the board members for the year was as follows:

Roger Morris (Term expires February 13, 2014)	\$ 700
James Hood (Term expired February 13, 2010)*	1,100
Gary Talbert (Term expires February 13, 2011)	1,200
Mike Pendarvis (Term expires February 13, 2014)	1,100
Jeff Betz (Term expires February 13, 2013)	1,000
Kenneth Graves (Term expires February 13, 2013)	<u>1,000</u>
	<u>\$ 6,100</u>

\*Serving month to month until a replacement is appointed.

**(10) Commitment -**

On April 9, 2008, the Board of Commissioners of the District voted to adopt a Resolution requesting for the Parish of Livingston to proceed with a bond issue not to exceed \$5,000,000 through the Louisiana Local Government Environmental Facilities and Community Development Authority in order to provide funds for the District to acquire, design, construct, and develop public parks, playgrounds, and recreational properties and facilities within the District. The Board of Commissioners also voted to authorize entering into a Local Service Agreement between the Parish of Livingston and the District, in accordance with the provisions of Louisiana Revised Statutes 33:1321 - 1337, which provides for financing agreements between political subdivisions. On

**RECREATION DISTRICT NO. 2 OF  
LIVINGSTON PARISH**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2010

expansion and other costs related to the issuance of the debt. These bonds were issued on September 4, 2008 with scheduled maturities through 2038. The bonds were issued in the name of the Livingston Parish Council and are recorded on the books of the Livingston Parish Council. The Livingston Parish Council will administer the construction funds as they are spent on the construction of the new recreational facilities. According to the provisions of the Local Service Agreement, the Parish agreed to deposit the proceeds of the bonds into a construction account to enable the District to finance the Projects, fund the reserve fund for the bonds and pay the cost of issuance of the bonds while the District agreed to pay the payment obligations to the Trustee, on behalf of the Parish, in accordance with the debt covenant requirements of the loan from current ad valorem tax revenues.

Following is a schedule that lists the various projects and the projected costs of each along with amounts spent and the financing costs of the bonds:

<u>Project Name</u>	<u>Projected Use of Bond Proceeds</u>	<u>Additional Funds Contributed - Interest Earnings And District Contributions</u>		<u>Projected Costs</u>	<u>Spent-to-Date</u>	<u>Remaining Commitment</u>
Land Acquisition and Existing						
Field Preparation	\$ 719,102	\$ -		\$ 719,102	\$ 719,102	\$ -
Live Oak Sports Complex	3,150,898	556,435		3,707,333	3,624,487	82,846
	3,870,000	556,435		4,426,435	4,343,589	82,846
Bond Financing Costs:						
Original Issue Discount	53,574	-		53,574	53,574	-
Underwriters Discount	89,100	-		89,100	89,100	-
Cost of Issuance	146,876	-		146,876	146,876	-
	289,550	-		289,550	289,550	-
Debt Service Reserve Fund	295,450	-		295,450	295,450	-
	<u>\$ 4,455,000</u>	<u>\$ 556,435</u>		<u>\$ 5,011,435</u>	<u>\$ 4,928,589</u>	<u>\$ 82,846</u>

The above \$556,435 in additional projected costs includes accumulated interest earned on the bond proceeds of \$43,123 and current contributions by the District of \$430,466 and future contributions from the District of \$82,846. As of December 31, 2010, the District owed the Parish Council

**RECREATION DISTRICT NO. 2 OF  
LIVINGSTON PARISH**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

DECEMBER 31, 2010

\$293,896 as reimbursements on the construction contract and that amount is included in these financial statements as Due to Primary Government.

For the year ended December 31, 2010, a total of \$722,533 has been paid by the District to the Livingston Parish Council, \$430,466 for construction projects and \$292,067 for sinking fund payments. A total of \$8,488,619 is anticipated to be paid to the trustee on behalf of the Livingston Parish Council by the District by the end of 2038 as provided by the Local Service Agreement.

The annual requirements of principal and interest and for sinking fund payments from operations per the Local Service Agreement are as follows:

<u>Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Annual Sinking Fund Requirements</u>
2008	\$ -	\$ -	\$ -	\$ 96,587
2009	75,000	216,580	291,580	292,043
2010	75,000	216,150	291,150	292,067
2011	80,000	213,900	293,900	293,033
2012	80,000	211,300	291,300	292,100
2013	85,000	208,700	293,700	292,638
2014-2018	470,000	992,163	1,462,163	1,462,467
2019-2023	590,000	873,588	1,463,588	1,464,929
2024-2028	765,000	703,100	1,468,100	1,466,900
2029-2033	975,000	488,050	1,463,050	1,462,817
2034-2038	<u>1,260,000</u>	<u>205,538</u>	<u>1,465,538</u>	<u>1,368,488</u>
	<u>\$4,455,000</u>	<u>\$4,329,069</u>	<u>\$8,784,069</u>	8,784,069
Less:				
Contribution to Debt Service Reserve Fund				<u>(295,450)</u>
Total Commitment Due				8,488,619
2010 Payments to Livingston Parish Council				(292,067)
2009 Payments to Livingston Parish Council				(292,043)
2008 Payments to Livingston Parish Council				<u>(96,587)</u>
Total Remaining Commitment				<u>\$7,807,922</u>

**RECREATION DISTRICT NO. 2 OF  
LIVINGSTON PARISH**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2010

**(11) Expenditure Actual Compared to Budget**

Total expenditures with an unfavorable budget variance exceeding 5% for the year ended December 31, 2010 are as follows:

	<u>Unfavorable Variance</u>	<u>Variance %</u>
• Parks and Recreation Function	\$ 280,266	28.55%
• Capital Outlay	\$ 24,836	14.37%

The unfavorable variance within the Parks and Recreation function was caused because management did not revise the final budget for 2010 to include the reimbursements to the Parish Council for the November and December construction contract payments of \$128,776 and the total retainage payable due to the contractor at December 31, 2010 of \$165,120 for a total of \$293,896.

**INDEPENDENT AUDITOR'S REPORT ON  
INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER  
MATTERS BASED ON AN AUDIT OF THE  
COMPONENT UNIT FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

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May 6, 2011

Board of Commissioners  
Recreation District No. 2 of  
Livingston Parish  
Livingston Parish Council  
Watson, Louisiana

We have audited the financial statements of the governmental activities, the major fund (General Fund), and the budgetary comparison statement of the General Fund of Recreation District No. 2 of Livingston Parish, a component unit of the Livingston Parish Council, as of and for the year ended December 31, 2010, which collectively comprise the District's basic financial statements, and have issued our report thereon dated May 6, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

#### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.



### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter that is required to be reported under Government Auditing Standards and which is described in the accompanying schedule of findings and responses as item 2010-1.

Management's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. We did not audit management's response and accordingly, we express no opinion on it.

This report is intended solely for the information of management and the Louisiana Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Respectfully submitted,

*Hannu L. Bourgeois, LLP*

**RECREATION DISTRICT NO. 2 OF  
LIVINGSTON PARISH**

**SCHEDULE OF FINDINGS AND RESPONSES**

DECEMBER 31, 2010

**Current Year Findings:**

**(A) Findings - Internal Control Over Financial Reporting**

None

**(B) Findings - Compliance and Other Matters**

**Finding 2010-1 Failure to Amend Budget (LSA-R.S. 39:1310):**

State law requires that budgets be amended when actual revenues are less than budgeted revenues or actual expenditures exceed budgeted expenditures and other financing uses exceed budgeted amounts by 5% or more. See Note 11 to the financial statements for a complete list of unfavorable budget variances that exceed the 5% variance required by state law.

**Recommendation:**

We recommend that the management of the District monitor actual costs and make appropriate budget amendments to comply with the law requiring the budget to actual variance to be within 5%.

**Management's Response:**

Management formally amended the 2010 original budget on December 8, 2010, to reflect various capital outlay items approved for the year. In late November and in December, commitments to expenditures by the board were made for backstop improvements for \$15,442 and for maintenance building concrete improvements for \$14,104. These amounts along with the \$289,717 accrual to intergovernmental transfer for amounts owed to the contractor for the balance of the new complex construction project resulted in unfavorable amounts for capital outlay and for intergovernmental transfers as per the amended budget.

The contractor was late on the substantial completion of the entire project which will be finalized in mid 2011. This will result in a large deduction from the balance of retainage accrued as owed to the contractor. The information regarding the true amount of contract amounts owed at December 31, 2010, were not fully available to management until after the amended budget deadlines had passed. Architect assistance and coordination with the Livingston Parish Council's banking representatives was in the midst of calculating actual liabilities, and the contractor's year end application for payment reflects the accrual totals for retainage.

**RECREATION DISTRICT NO. 2 OF  
LIVINGSTON PARISH**

**SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS**

DECEMBER 31, 2010

**(A) Findings - Internal Control Over Financial Reporting**

None

**(B) Findings - Compliance and Other Matters**

None